<table>
<thead>
<tr>
<th>WEATHER</th>
<th>North-west India likely to be dry for next 2 days: IMD</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENERGY</td>
<td>The world is heading for its biggest-ever crude oil surplus, says IHS Markit</td>
</tr>
<tr>
<td>AGRICULTURE</td>
<td>Covid-19 impact: Gujarat’s wheat supplies to southern markets disrupted</td>
</tr>
<tr>
<td></td>
<td>Coronavirus threat halts cardamom auctions</td>
</tr>
<tr>
<td>ECONOMY</td>
<td>India Inc fears coronavirus to pull down GDP by 50 bps</td>
</tr>
<tr>
<td></td>
<td>Covid-19 impact: RBI takes steps to infuse liquidity</td>
</tr>
<tr>
<td>FOREIGN EXCHANGE RATES</td>
<td>Foreign exchange rates</td>
</tr>
</tbody>
</table>
WEATHER

North-west India likely to be dry for next 2 days: IMD

Dry weather is likely to prevail over the Western Himalayan region and Northwest India during the next 2-3 days, predicted India Meteorological Department (IMD) on Tuesday.

The weatherman further predicted that states such as Odisha, West Bengal, Sikkim and Jharkhand are likely to receive scattered rainfall from March 18 to 20.

"Scattered to fairly widespread rainfall activity is very likely over Chhattisgarh, East Madhya Pradesh and Vidarbha from March 17 to March 20," the IMD stated in its All India Weather Warning Bulletin.

The thunderstorm accompanied with lightning, hail and gusty wind speed reaching 30-40 kmph is also likely over Gangetic West Bengal, Odisha and Jharkhand on March 19-20," the IMD stated in its All India Weather Warning Bulletin.

The fog will engulf Delhi for the next two days but the sky will become clear later in the day. The temperature in the capital would oscillate between 14 degrees Celsius and 28 degrees Celsius. (ANI)

Source: ANI, Tuesday, March 17, 2020

Back to Headlines
The world is heading for its biggest-ever crude oil surplus, says IHS Markit

After a dizzying drop in demand and an about-face in Saudi Arabian production policy, global oil markets face the possibility of the biggest crude surplus ever recorded, according to IHS Markit. Should the price war between the kingdom and Russia persist and the world tip into recession due to the coronavirus, the oil excess could swell to between 800 million and 1.3 billion barrels in the first six months of this year, the industry consultant said in a note.

The last time that there was a global surplus of this magnitude was never, said Jim Burkhard, Vice-President and head of oil markets at IHS Markit. Prior to this the largest six-month global surplus this century was 360 million barrels. What is coming will be twice that or more.

The sharp and sudden drop in world oil demand is the main reason for the surplus, while the weakness in price was exacerbated by the Saudi decision to increase its crude supply by 2.6 million barrels a day, according to IHS Markit. Russia has said that it can increase daily output by between 300,000 to 500,000 barrels a day. The largest previous six-month surplus -- the amount of global production that exceeds demand -- in data going back to 2000 was from late 2015 to early 2016, IHS said.

On a monthly basis, the excess could range from 4 million to 10 million barrels a day from February to May, with demand in March and April down as much as 10 million barrels a day.

The U.S. oil industry will likely bear the brunt of the record surplus over this year and next, the consultant said. American output could drop by 2 to 4 million barrels a day over the next 18 months.

Source: The Hindu Business Line, Tuesday, March 17, 2020
Covid-19 impact: Gujarat’s wheat supplies to southern markets disrupted
Spot prices of wheat tumble by 20% in a month

Panic triggered by the spread of the Covid-19 virus has clouded the prospects of a good harvest seen in key rabi crops such as wheat, jeera (cumin seed) and dhana (coriander) among others.

Gujarat, which is expected to harvest about 4.03 million tonnes of wheat in 2019-20, a little less than double of 2.3 mt reported for the year 2015-16.

Price falls
But the increased wheat production in the State is not likely to fetch anything good for the farmers, as they fear prices to be suppressed by supply disruptions caused by Covid-19 scare in parts of the country.

“Good rains and ample water availability has boosted the yields of key rabi crops such as wheat, jeera (cumin seed) and dhania (coriander seed). But what we have observed is that the prices are going down due to the lower offtake and increased arrivals,” said Ramesh Bhorania, a farmer based in Rajkot said.

In Rajkot markets, wheat (new crop) prices were quoted at ₹2,200 per quintal on February 18, which fell to ₹1,742 on Monday or about 20 per cent within a month, leaving farmers dejected.

Supply disruption
Trade sources revealed that another factor causing the fall in prices is the disruptions in supplies to southern States, which are big buyers of Gujarat’s wheat. Saurashtra sells its wheat to Karnataka and Kerala through sea route. But amid the looming uncertainty over the coronavirus spread, the trade has been impacted and the buyers have halted the purchases.

“Karnataka and Kerala are among the key buyers of Gujarat’s wheat (a special hybrid variety). But buyers in those States are apprehensive about the demand and our traders are also concerned about the uncertainty over shipments. Prices have fallen by about ₹500 a quintal and there may be further dip if the arrivals continue without matching demand from buyers,” a trade source told BusinessLine.

Notably, Gujarat had recorded 73 per cent jump in the wheat acreage to 13.95 lakh hectares in 2019-20, as against 8.07 lakh hectares a year earlier.

Record wheat output
With sufficient water availability and favourable weather conditions, farmers anticipated good yields, taking the State’s wheat output to record levels. India’s wheat production in 2019-20 is expected to touch an all-time high of 106 million tonnes.

Arrivals of new wheat crop has begun in huge quantities. But the supply chain appears to be disrupted due to bleak export prospects and reduced demand amid multiple lockdowns and restricted movements, impacting travel, tourism and routine industrial consumption.

Source: The Hindu Business Line, Tuesday, March 17, 2020

Back to Headlines
**Coronavirus threat halts cardamom auctions**

Cardamom auctions at both Puttady in Idukki and Bodinayakanur in Tamil Nadu have been suspended indefinitely in view of the novel Coronavirus (COVID-19) threat.

The auctioneers told BusinessLine that they have been asked by Spices Board officials at Bodinayakanur to halt the auctions.

The auctioneers pointed out that the Community Health Centre in Vandanemdu had issued a directive to the Deputy Director, Spices Park in Puttady on Saturday to discontinue trading activities at the e-auction centre in view of the large gathering of people at the auctions. The order was issued on a tip-off from the Kerala Special Branch Police. The medical officer at the Community Health Centre also cautioned against public gatherings at auction centres until further orders.

The virus threat has also forced cardamom traders in Tamil Nadu to seek suspension of auctions and All Cardamom Traders Association in Bodinayakanur has approached the Spices Board to suspend the ensuing auctions both in Bodi and Puttady in Idukki till March 31.

Based on their request, the District Collector in Theni appealed to the Spices Board to cancel all auctions till the end of this month. The association pointed out that there were gatherings of more than 100 persons at the auction centres. Since the chances of getting virus infection are high, traders are wary of taking part in the auctions.

*Source: The Hindu Business Line, Tuesday, March 17, 2020*

[Back to Headlines](#)
India Inc fears coronavirus to pull down GDP by 50 bps

Corporate India is expecting a 0.5 per cent hit on economic growth in FY2020-21 if the coronavirus pandemic lasts longer, pushing up fiscal deficit and creating more bad loans for the bank, says an industry survey. Care Ratings has conducted a survey on the impact of the coronavirus pandemic on the economy among over 150 CEOs, CFOs, investors, analysts and other stakeholders from manufacturing, financial services, infra, realty and services between March 5 and 12.

According to the survey, the economic impact will be significant and long term if the virus continues for longer.

A vast majority (52 per cent) of those polled say the GDP will come down by around 50 bps, while 22 per cent expected the hit to over 1 per cent in FY21, forcing the RBI to respond by reducing the repo rate by 25-50 bps sooner than later, according to 57 per cent of the respondents.

They also fear a widening of the fiscal deficit if the government announces fiscal measures to support the economy with 70 per cent expecting widening of the fiscal deficit to the tune of 0.25 per cent in FY21.

Significantly, as much as 80 per cent opine that the NPA levels in the banking sector are going to increase owing to the outbreak across.

While the hospitality, tourism and aviation will be hit hard, pharma and healthcare will benefit from pandemic.

As much as 23 per cent of the respondents see hospitality and tourism getting hit badly due to the adverse impact of coronavirus followed by airlines (11 per cent), and auto and auto ancillary (9 per cent).

Some of the other industries, which are expected to benefit apart are retail and e-commerce (4 per cent), BFSI (3 per cent), infrastructure (3 per cent), capital goods (3 per cent) and auto and auto ancillary (3 per cent) among others.

The on the impact on exports, 58 per cent opine that the pandemic will hit exports 42 per cent believe it will lead to a contraction in FY21 and 78 per cent respondents also expect imports also to contract further.

Source: The Hindu Business Line, Tuesday, March 17, 2020
Covid-19 impact: RBI takes steps to infuse liquidity

Dollar swap auction worth $2 b, long-term repo operations in tranches in the works

To ensure that the effects of the Covid-19 pandemic on the Indian economy are mitigated and that financial markets and institutions continue to function normally, the Reserve Bank of India on Monday said it will once again conduct a sell/buy swap auction worth $2 billion to provide dollar liquidity. It will persist with long-term repo operations (LTROs) to infuse long-term rupee liquidity amounting to ₹ 1 lakh crore.

While there was speculation in the financial markets that the RBI would announce an inter-meeting repo rate cut in sync with what some of the other G-20 central banks have done to prop up their economies, Governor Shaktikanta Das said the RBI’s effort is to see that its responses are neither premature nor delayed.

On rate cut

“As per the RBI Act, decisions relating to the repo rate are taken by the Monetary Policy Committee (MPC). But I don’t rule out anything. I am not ruling out any possibility. Depending on the evolving situation, we will decide the timing of our action,” said Das.

The RBI said it will undertake another six-month US dollar sell/buy swap auction aggregating $2 billion on March 23 to provide liquidity to the foreign exchange market.

This auction announcement comes in the backdrop of the central bank receiving a thumping response to the auction conducted on Monday. As against the aggregate notified amount of $2 billion, the RBI received 78 bids totalling $4.67 billion. It accepted bids aggregating $2.06 billion.

In order to counterbalance the domestic liquidity effects of the swap and further improve monetary policy transmission, the RBI also said it will conduct LTRO in multiple tranches of appropriate sizes up to a total amount of ₹1 lakh crore at the policy repo rate.

“These two measures are based on our assessment of the current situation. The RBI has several policy instruments at its disposal. We will use the various policy instruments from time to time, depending on requirement. And our response will be calibrated,” said Das.

“...We will make every effort to see that whatever instrument or whatever policy announcements we make, they do have the desired effect, they do have optimum impact.”

Reacting to the announcement, Rajnish Kumar, SBI Chairman, said: “The RBI decision to ensure additional liquidity through LTRO and swap transactions will ensure the twin objectives of further compression in term structure of interest rates and ensuring dollar liquidity.”

Source: The Hindu Business Line, Tuesday, March 17, 2020

Back to Headlines
<table>
<thead>
<tr>
<th>Currency</th>
<th>Buy (₹)</th>
<th>Sell (₹)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TT</td>
<td>Bill</td>
</tr>
<tr>
<td>Dollar</td>
<td>74.33</td>
<td>74.36</td>
</tr>
<tr>
<td>Euro</td>
<td>82.86</td>
<td>82.89</td>
</tr>
<tr>
<td>Pound Sterling</td>
<td>91.11</td>
<td>91.14</td>
</tr>
<tr>
<td>100 Yen</td>
<td>70.52</td>
<td>70.54</td>
</tr>
</tbody>
</table>

Source: The Hindu Business Line, Tuesday, March 17, 2020

Back to Headlines